



QUARTERLY STATEMENT

AS OF MARCH 31, 2014
OF THE CONDITION AND AFFAIRS OF THE

LIGHTNING ROD MUTUAL INSURANCE COMPANY

NAIC Group Code 0207 , 0207 NAIC Company Code 26123 Employer's ID Number 34-0359380
(Current Period) (Prior Period)

Organized under the Laws of Ohio , State of Domicile or Port of Entry Ohio
Country of Domicile United States

Incorporated/Organized 01/01/1906 Commenced Business 03/01/1906

Statutory Home Office 1685 Cleveland Road , Wooster, OH, US 44691-0036
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 1685 Cleveland Road Wooster, OH, US 44691-0036 330-262-9060
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 1685 Cleveland Road , Wooster, OH, US 44691-0036
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 1685 Cleveland Road Wooster, OH, US 44691-0036 330-262-9060
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.wrg-ins.com

Statutory Statement Contact Brooke M McVay, CPA 330-262-9060-2446
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OFFICERS

Name	Title	Name	Title
<u>KEVIN W. DAY</u>	<u>PRESIDENT AND SECRETARY - CHIEF EXECUTIVE OFFICER</u>	<u>MICHAEL A. SHUTT</u>	<u>VICE PRESIDENT AND TREASURER -CHIEF FINANCIAL OFFICER</u>

OTHER OFFICERS

<u>GREGORY A. BRUNN</u>	<u>VICE PRESIDENT -CHIEF MARKETING & UNDERWRITING OFFICER</u>	<u>GARY W. GWINN</u>	<u>VICE PRESIDENT -CHIEF CLAIMS OFFICER</u>
<u>GREGORY J. OWEN</u>	<u>VICE PRESIDENT -CHIEF INFORMATION OFFICER</u>		

DIRECTORS OR TRUSTEES

<u>ROBERT P. BOGNER</u>	<u>KEVIN W. DAY</u>	<u>JEFFREY P. HASTINGS</u>	<u>RONALD E. HOLTMAN</u>
<u>JOHN P. MURPHY</u>	<u>C. MICHAEL REARDON</u>	<u>EDDIE L. STEINER</u>	<u>KENNETH L. VAGNINI</u>

State ofOhio.....

County ofWayne.....ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

KEVIN W. DAY
PRESIDENT AND SECRETARY -CHIEF
EXECUTIVE OFFICER

MICHAEL A. SHUTT
VICE PRESIDENT AND TREASURER -CHIEF
FINANCIAL OFFICER

a. Is this an original filing? Yes [X] No []

b. If no:
1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

Subscribed and sworn to before me this
13th day of May, 2014

Lauresa Durham, Notary Public
July 30, 2016

STATEMENT AS OF MARCH 31, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	119,330,675		119,330,675	117,229,921
2. Stocks:				
2.1 Preferred stocks	1,185,510		1,185,510	1,161,426
2.2 Common stocks	72,800,166	309,585	72,490,581	71,444,042
3. Mortgage loans on real estate:				
3.1 First liens	0		0	0
3.2 Other than first liens	0		0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)	5,460,133		5,460,133	5,523,140
4.2 Properties held for the production of income (less \$ encumbrances)	0		0	0
4.3 Properties held for sale (less \$ encumbrances)	0		0	0
5. Cash (\$ 17,059,050), cash equivalents (\$ 0) and short-term investments (\$ 2,400,892)	19,459,942		19,459,942	24,058,788
6. Contract loans (including \$ premium notes)	0		0	0
7. Derivatives	0		0	0
8. Other invested assets	3,554,044		3,554,044	4,785,707
9. Receivables for securities	0		0	0
10. Securities lending reinvested collateral assets	0		0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	221,790,470	309,585	221,480,885	224,203,024
13. Title plants less \$ charged off (for Title insurers only)	0		0	0
14. Investment income due and accrued	1,302,173		1,302,173	1,192,094
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	15,921,141	72,923	15,848,218	15,848,055
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	0		0	0
15.3 Accrued retrospective premiums	0		0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	23,026		23,026	41,971
16.2 Funds held by or deposited with reinsured companies	0		0	0
16.3 Other amounts receivable under reinsurance contracts	0		0	0
17. Amounts receivable relating to uninsured plans	0		0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	830,579		830,579	1,349,506
18.2 Net deferred tax asset	0		0	0
19. Guaranty funds receivable or on deposit	0		0	0
20. Electronic data processing equipment and software	0		0	0
21. Furniture and equipment, including health care delivery assets (\$)	558,484	558,484	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0		0	0
23. Receivables from parent, subsidiaries and affiliates	0		0	0
24. Health care (\$) and other amounts receivable	0		0	0
25. Aggregate write-ins for other-than-invested assets	307,519	307,519	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	240,733,392	1,248,511	239,484,881	242,634,650
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	240,733,392	1,248,511	239,484,881	242,634,650
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Prepaid Expense	307,519	307,519	0	0
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	307,519	307,519	0	0

STATEMENT AS OF MARCH 31, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ 6,380,702)	32,255,994	32,207,040
2. Reinsurance payable on paid losses and loss adjustment expenses	0	0
3. Loss adjustment expenses	6,422,920	6,422,920
4. Commissions payable, contingent commissions and other similar charges	2,094,483	4,351,910
5. Other expenses (excluding taxes, licenses and fees)	2,198,986	4,350,861
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,597,747	1,269,757
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	0	0
7.2 Net deferred tax liability	3,054,224	2,513,142
8. Borrowed money \$ and interest thereon \$	0	0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	47,593,358	48,112,060
10. Advance premium	1,096,762	760,789
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	(536,967)	529,101
13. Funds held by company under reinsurance treaties	939	939
14. Amounts withheld or retained by company for account of others	3,244,590	4,489,632
15. Remittances and items not allocated	0	0
16. Provision for reinsurance (including \$ certified)	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates	0	0
18. Drafts outstanding	0	0
19. Payable to parent, subsidiaries and affiliates	0	0
20. Derivatives	0	0
21. Payable for securities	0	0
22. Payable for securities lending	0	0
23. Liability for amounts held under uninsured plans	0	0
24. Capital notes \$ and interest thereon \$	0	0
25. Aggregate write-ins for liabilities	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	99,023,036	105,008,151
27. Protected cell liabilities	0	0
28. Total liabilities (Lines 26 and 27)	99,023,036	105,008,151
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	0	0
31. Preferred capital stock	0	0
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes	0	0
34. Gross paid in and contributed surplus	0	0
35. Unassigned funds (surplus)	140,461,845	137,626,499
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)	0	0
36.2 shares preferred (value included in Line 31 \$)	0	0
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	140,461,845	137,626,499
38. Totals (Page 2, Line 28, Col. 3)	239,484,881	242,634,650
DETAILS OF WRITE-INS		
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 22,237,589)	22,239,159	21,101,982	86,582,027
1.2 Assumed (written \$ 24,855,549)	25,774,354	22,951,127	100,359,079
1.3 Ceded (written \$ 21,889,937)	22,291,610	19,718,390	87,391,136
1.4 Net (written \$ 25,203,201)	25,721,903	24,334,719	99,549,970
DEDUCTIONS:			
2. Losses incurred (current accident year \$):)			
2.1 Direct	11,718,990	5,632,782	37,557,076
2.2 Assumed	12,342,706	10,832,291	60,090,341
2.3 Ceded	10,793,782	6,183,639	43,794,832
2.4 Net	13,267,914	10,281,434	53,852,585
3. Loss adjustment expenses incurred	2,458,940	2,111,168	10,103,489
4. Other underwriting expenses incurred	8,106,650	7,565,668	34,012,423
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	23,833,504	19,958,270	97,968,497
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	1,888,399	4,376,449	1,581,473
INVESTMENT INCOME			
9. Net investment income earned	1,173,932	1,162,020	4,421,691
10. Net realized capital gains (losses) less capital gains tax of \$ 96,351	187,035	293,552	846,244
11. Net investment gain (loss) (Lines 9 + 10)	1,360,967	1,455,572	5,267,935
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ 22,226)	(22,226)	(19,678)	(98,399)
13. Finance and service charges not included in premiums	413,077	392,041	1,631,162
14. Aggregate write-ins for miscellaneous income	6,502	(502)	(16,144)
15. Total other income (Lines 12 through 14)	397,353	371,860	1,516,619
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	3,646,719	6,203,882	8,366,027
17. Dividends to policyholders	0	0	0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	3,646,719	6,203,882	8,366,027
19. Federal and foreign income taxes incurred	422,576	(151,224)	(285,449)
20. Net income (Line 18 minus Line 19)(to Line 22)	3,224,143	6,355,106	8,651,476
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	137,626,499	125,306,721	125,306,721
22. Net income (from Line 20)	3,224,143	6,355,106	8,651,476
23. Net transfers (to) from Protected Cell accounts	0	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 166,311	322,839	2,821,004	5,408,355
25. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26. Change in net deferred income tax	(374,772)	(2,168,554)	(2,109,576)
27. Change in nonadmitted assets	(336,864)	39,810	134,885
28. Change in provision for reinsurance	0	0	293,040
29. Change in surplus notes	0	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0	0
31. Cumulative effect of changes in accounting principles	0	0	0
32. Capital changes:			
32.1 Paid in	0	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0	0
32.3 Transferred to surplus	0	0	0
33. Surplus adjustments:			
33.1 Paid in	0	0	0
33.2 Transferred to capital (Stock Dividend)	0	0	0
33.3 Transferred from capital	0	0	0
34. Net remittances from or (to) Home Office	0	0	0
35. Dividends to stockholders	0	0	0
36. Change in treasury stock	0	0	0
37. Aggregate write-ins for gains and losses in surplus	0	57,003	(58,402)
38. Change in surplus as regards policyholders (Lines 22 through 37)	2,835,346	7,104,368	12,319,778
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	140,461,845	132,411,089	137,626,499
DETAILS OF WRITE-INS			
0501.		0	0
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0
1401. Other Income (Expense)	(1,411)	551	918
1402. Gain/(Loss) sale of Equipment	7,913	(1,054)	(17,062)
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	6,502	(502)	(16,144)
3701. Change in Surplus Due to Prior Period Adjustment (see Footnote 2)	0	0	55,766
3702. Change in Surplus Due to Correction of a Depreciation Error (see Footnote 2)	0	0	(189,472)
3703. Change in Surplus Due to Change in Depreciation Method (see Footnote 2)	0	0	(34,061)
3798. Summary of remaining write-ins for Line 37 from overflow page	0	57,003	109,365
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	57,003	(58,402)

STATEMENT AS OF MARCH 31, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance.....	24,473,107	24,194,145	102,005,788
2. Net investment income	1,111,225	1,021,636	4,815,776
3. Miscellaneous income	397,353	371,860	1,516,619
4. Total (Lines 1 to 3)	25,981,685	25,587,641	108,338,183
5. Benefit and loss related payments	13,200,015	10,363,618	49,569,427
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	14,596,551	10,912,707	40,429,913
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	0	0	1,500,103
10. Total (Lines 5 through 9)	27,796,566	21,276,325	91,499,443
11. Net cash from operations (Line 4 minus Line 10)	(1,814,881)	4,311,317	16,838,740
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	1,821,594	3,335,073	14,157,215
12.2 Stocks	17,641	7,543,912	27,496,679
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	1,299,660	257,684	477,230
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0	0
12.7 Miscellaneous proceeds	63,247	48,337	313,667
12.8 Total investment proceeds (Lines 12.1 to 12.7)	3,202,142	11,185,006	42,444,791
13. Cost of investments acquired (long-term only):			
13.1 Bonds	3,999,840	5,984,098	29,098,303
13.2 Stocks	397,036	6,830,547	24,004,954
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	14,531
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	1	23,390	256,591
13.7 Total investments acquired (Lines 13.1 to 13.6)	4,396,877	12,838,035	53,374,379
14. Net increase (or decrease) in contract loans and premium notes	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(1,194,735)	(1,653,029)	(10,929,588)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0	0
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0	0
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied).....	(1,582,928)	(1,164,580)	(1,033,857)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	(1,582,928)	(1,164,580)	(1,033,857)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(4,592,544)	1,493,708	4,875,295
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	24,052,486	19,177,191	19,177,191
19.2 End of period (Line 18 plus Line 19.1)	19,459,942	20,670,899	24,052,486

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Lightning Rod Mutual Insurance Company (LRMIC) are presented on the basis of accounting principles prescribed or permitted by the Ohio Department of Insurance.

The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company for determining its solvency under Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio.

B. Use of Estimates in the Preparation of the Financial Statements

No significant changes.

C. Accounting Policy

No significant changes.

2. Accounting Changes and Corrections of Errors

Accounting changes adopted to conform to the provisions of the NAIC Accounting Practices and Procedures Manual are reported as changes in accounting principles. The cumulative effect of the changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all periods.

Effective January 1, 2013 the Company adopted the provisions of SSAP No. 102, *Accounting for Pensions, A Replacement of SSAP No. 89*. As a result, the Company recorded an adjustment to unassigned funds (surplus) net of deferred tax (\$45,121) of \$87,587.

Effective July 1, 2013, the Company changed its method of depreciation from Modified Accelerated Cost Recovery System (MACRS) to straight—line as the Company believes the straight—line method would more appropriately allocate the cost over the useful life. The cumulative effect of this change in accounting principle was recorded as an adjustment to unassigned funds (surplus) in accordance with SSAP No. 3 *Accounting Changes and Errors*. The adjustment decreased surplus by \$34,061. The Company also recorded an adjustment to surplus to correct the book values of assets that should have been fully depreciated. The impact to surplus was a decrease of \$189,471.

In accordance with SSAP No. 3 *Accounting Changes and Errors*, the Company recorded a prior period adjustment in December 2013 to true—up the cost bases of mutual funds for prior year distributions originally reported as return of capital that the fund later reclassified as dividends. The net impact to surplus was an increase of \$55,766.

3. Business Combinations and Goodwill

A. Statutory Purchase Method

Not applicable.

B. Statutory Merger

Not applicable.

C. Impairment Loans

Not applicable.

4. Discontinued Operations

Not applicable.

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

Not applicable.

B. Debt Restructuring

Not applicable.

C. Reverse Mortgages

Not applicable.

NOTES TO FINANCIAL STATEMENTS

D. Loan—Backed Securities

Not applicable.

E. Repurchase Agreements and/or Securities Lending Transactions

Not applicable.

F. Real Estate

Not applicable.

G. Low—income Housing Tax Credits (LIHTC)

Not applicable.

H. Restricted Assets

Not applicable.

I. Working Capital Finance Investments

Not applicable.

6. Joint Ventures, Partnerships and Limited Liability Companies

No significant changes.

7. Investment Income

No significant changes.

8. Derivative Instruments

No significant changes.

9. Income Taxes

A. The components of the net deferred tax asset/(liability) at March 31, 2014 and December 31, 2013 are as follows:

1.

	03/31/2014		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 8,658,345	\$ 1,107,206	\$ 9,765,551
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	8,658,345	1,107,206	9,765,551
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	8,658,345	1,107,206	9,765,551
(f) Deferred Tax Liabilities	<u>(733,498)</u>	<u>(12,086,277)</u>	<u>(12,819,775)</u>
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 7,924,847</u>	<u>\$ (10,979,071)</u>	<u>\$ (3,054,224)</u>
	12/31/2013		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 8,876,317	\$ 1,210,887	\$ 10,087,204
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	8,876,317	1,210,887	10,087,204
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	8,876,317	1,210,887	10,087,204
(f) Deferred Tax Liabilities	<u>(680,379)</u>	<u>(11,919,966)</u>	<u>(12,600,345)</u>
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 8,195,938</u>	<u>\$ (10,709,079)</u>	<u>\$ (2,513,141)</u>

NOTES TO FINANCIAL STATEMENTS

	Change		
	(7)	(8)	(9)
	(Col 1—4)	(Col 2—5)	(Co 7+8)
	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	\$ (217,972)	\$ (103,681)	\$ (321,653)
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	(217,972)	(103,681)	(321,653)
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	(217,972)	(103,681)	(321,653)
(f) Deferred Tax Liabilities	(53,119)	(166,311)	(219,430)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ (271,091)</u>	<u>\$ (269,992)</u>	<u>\$ (541,083)</u>

2. Admission Calculation Components SSAP No. 101

	03/31/2014		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ —	\$ —	\$ —
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	3,636,066	—	3,636,066
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	3,636,066	—	3,636,066
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	21,069,277
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	<u>5,022,279</u>	<u>1,107,206</u>	<u>6,129,486</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 8,658,345</u>	<u>\$ 1,107,206</u>	<u>\$ 9,765,551</u>

	12/31/2013		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ —	\$ —	\$ —
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	3,636,066	—	3,636,066
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	3,636,066	—	3,636,066
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	20,643,975
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	<u>5,240,252</u>	<u>1,210,887</u>	<u>6,451,139</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 8,876,318</u>	<u>\$ 1,210,887</u>	<u>\$ 10,087,205</u>

NOTES TO FINANCIAL STATEMENTS

	Change		
	(7)	(8)	(9)
	(Col 1—4) Ordinary	(Col 2—5) Capital	(Col 7+8) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ —	\$ —	\$ —
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	—	—	—
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	—	—	—
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	425,302
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	<u>(217,973)</u>	<u>(103,681)</u>	<u>(321,653)</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ (217,973)</u>	<u>\$ (103,681)</u>	<u>\$ (321,653)</u>
3.			
	<u>2014</u>	<u>2013</u>	
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	15%	15%	
(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b) 2 Above.	\$140,461,845	\$137,626,499	
4. Impact of Tax—Planning Strategies			
	<u>03/31/2014</u>		
	(1)	(2)	
	<u>Ordinary</u>	<u>Capital</u>	
(a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.			
1. Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 8,658,345	\$ 1,107,206	
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%	
3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	\$ 8,658,345	\$ 1,107,206	
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	
	<u>12/31/2013</u>		
	(3)	(4)	
	<u>Ordinary</u>	<u>Capital</u>	
(a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.			
1. Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 8,876,317	\$ 1,210,887	
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%	
3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	\$ 8,876,317	\$ 1,210,887	
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	

NOTES TO FINANCIAL STATEMENTS

	Change		
	(5) (Col 1-3) Ordinary	(6) (Col 2-4) Capital	
(a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.			
1. Adjusted Gross DTAs Amount From Note 9A1(c)	\$ (217,972)	\$ (103,681)	
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%	
3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(c)	\$ (217,972)	\$ (103,681)	
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	
(b) Does the Company's tax—planning strategies include the use of reinsurance? Yes _____ No <u>X</u>			
B. The Company has no temporary differences for which deferred tax liabilities are not recognized.			
C. Current income taxes incurred consist of the following major components:			
	(1)	(2)	(3)
	03/31/2014	12/31/2013	(Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ 422,576	\$ (285,449)	\$ 708,025
(b) Foreign	\$ —	\$ —	\$ —
(c) Subtotal	\$ 422,576	\$ (285,449)	\$ 708,025
(d) Federal income tax on net capital gains	\$ 96,351	\$ 435,944	\$ (339,593)
(e) Utilization of operating loss carry—forwards	\$ —	\$ —	\$ —
(f) Other	\$ —	\$ —	\$ —
(g) Federal and foreign income taxes incurred	\$ 518,927	\$ 150,495	\$ 368,432
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 558,677	\$ 558,677	\$ 0
(2) Unearned premium reserve	\$ 3,236,348	\$ 3,271,620	\$ (35,272)
(3) Policyholder reserves	\$ —	\$ —	\$ —
(4) Investments	\$ —	\$ —	\$ —
(5) Deferred acquisition costs	\$ —	\$ —	\$ —
(6) Policyholder dividends accrual	\$ —	\$ —	\$ —
(7) Fixed assets	\$ 294,385	\$ 179,560	\$ 114,825
(8) Compensation and benefits accrual	\$ 1,066,601	\$ 1,160,416	\$ (93,815)
(9) Pension accrual	\$ 282,964	\$ 282,590	\$ 374
(10) Receivables – nonadmitted	\$ 24,850	\$ 24,850	\$ —
(11) Net operating loss carry—forward	\$ 530,849	\$ 1,463,548	\$ (932,699)
(12) Tax credit carry—forward	\$ 1,000,915	\$ 481,988	\$ 518,927
(13) Other (including items <5% of total ordinary tax assets):			
(14) Salvage and subrogation anticipated	\$ 972,144	\$ 972,144	\$ —
(15) Software capitalized	\$ 586,735	\$ 399,732	\$ 187,003
(16) Other	\$ 103,877	\$ 81,191	\$ 22,686
(99) Subtotal	\$ 8,658,345	\$ 8,876,317	\$ (217,972)
(b) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(c) Nonadmitted	\$ —	\$ —	\$ —
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	\$ 8,658,345	\$ 8,876,317	\$ (217,972)

NOTES TO FINANCIAL STATEMENTS

	(1)	(2)	(3)
	03/31/2014	12/31/2013	(Col 1—2) Change
(e) Capital:			
(1) Investments	\$ —	\$ —	\$ —
(2) Net capital loss carry—forward	\$ —	\$ —	\$ —
(3) Real estate	\$ —	\$ —	\$ —
(4) Other (including items <5% of total capital tax assets):			
(5) Unrealized capital losses for impaired securities	\$ 1,107,206	\$ 1,210,887	\$ (103,681)
(99) Subtotal	<u>\$ 1,107,206</u>	<u>\$ 1,210,887</u>	<u>\$ (103,681)</u>
(f) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(g) Nonadmitted	\$ —	\$ —	\$ —
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	<u>\$ 1,107,206</u>	<u>\$ 1,210,887</u>	<u>\$ (103,681)</u>
(i) Admitted deferred tax assets (2d + 2h)	<u>\$ 9,765,551</u>	<u>\$ 10,087,204</u>	<u>\$ (321,653)</u>
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	\$ (518,727)	\$ (502,638)	\$ (16,089)
(2) Fixed assets	\$ —	\$ —	\$ —
(3) Deferred and uncollected premium	\$ —	\$ —	\$ —
(4) Policyholder reserves	\$ —	\$ —	\$ —
(5) Other (including items <5% of total ordinary tax liabilities):			
(6) Accumulated amortization software	\$ (214,771)	\$ (177,741)	\$ (37,030)
(99) Subtotal	<u>\$ (733,498)</u>	<u>\$ (680,379)</u>	<u>\$ (53,119)</u>
(b) Capital:			
(1) Investments	\$ —	\$ —	\$ —
(2) Real estate	\$ —	\$ —	\$ —
(3) Other (including items <5% of total capital tax liabilities):			
(4) Unrealized capital gains	\$ (12,086,277)	\$ (11,919,966)	\$ (166,311)
(99) Subtotal	<u>\$ (12,086,277)</u>	<u>\$ (11,919,966)</u>	<u>\$ (166,311)</u>
(c) Deferred tax liabilities (3a99 + 3b99)	<u>\$ (12,819,775)</u>	<u>\$ (12,600,345)</u>	<u>\$ (219,430)</u>
4. Net deferred tax assets/liabilities (2i – 3c)	<u>\$ (3,054,224)</u>	<u>\$ (2,513,141)</u>	<u>\$ (541,083)</u>
D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before taxes. Among the more significant book to tax adjustments were the following:			
	03/31/2014	Effective Tax Rate	
Provision computed at statutory rate	\$ 1,272,644	34.0%	
Tax exempt interest	(75,348)	(2.0%)	
Dividends received deduction	(77,336)	(2.1%)	
Change in deferred tax on nonadmitted assets	(114,825)	(3.1%)	
Other	(111,436)	(2.9%)	
Total	<u>\$ 893,699</u>	<u>23.9%</u>	
Federal and foreign income taxes incurred	\$ 422,576	11.3%	
Tax on capital gains (losses)	96,351	2.6%	
Change in net deferred income taxes	374,772	10.0%	
Total statutory income taxes	<u>\$ 893,699</u>	<u>23.9%</u>	

E. Carry—forwards, recoverable taxes, and IRC §6603 deposits:

(1) As of March 31, 2014, the Company had net operating loss carry—forwards available for tax purposes:

Origination Year	Expiration Year	Amount
2010	2030	\$ —
2011	2031	\$ —
2012	2032	\$ 1,561,320
Total		<u>\$ 1,561,320</u>

The Company has no net capital loss carry—forwards available for tax purposes.

NOTES TO FINANCIAL STATEMENTS

As of March 31, 2014, the Company had alternative minimum tax (AMT) credit carry—forwards in the amount of \$1,000,915 which do not have an expiration date.

(2) As of March 31, 2014, the Company had no federal income taxes incurred available for recoupment in the event of future net losses.

(3) The Company has no deposits reported as admitted assets under IRC §6603 as of March 31, 2014.

F. The Company files an individual federal income tax return.

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

- A. Not applicable.
- B. Not applicable.
- C. Not applicable.
- D. No significant change.
- E. Not applicable.
- F. No significant change.
- G. No significant change.
- H. Not applicable.
- I. Not applicable.
- J. Not applicable.
- K. Not applicable.
- L. Not applicable.
- M. No significant change.

11. Debt

- A. The Company has not outstanding debentures.
- B. FHLB (Federal Home Loan Bank) Agreements

(1) The Company is a member of the Federal Home Loan Bank (FHLB) of Cincinnati. As of March 31, 2014, the Company has not issued debt to the FHLB in exchange for cash. It is part of the Company's strategy to utilize these funds for operations, and any funds obtained from the FHLB of Cincinnati for use in general operations would be accounted for consistent with SSAP No. 15, *Debt and Holding Company Obligations* as borrowed money. The Company has determined the estimated maximum borrowing capacity as \$69,714,801. The Company calculated this amount in accordance with the Company's holdings of U.S. Treasuries, U.S. Agencies, U.S. Agency residential and commercial mortgage backed securities, and eligible municipal securities including both revenue and general obligation bonds that meet minimum FHLB credit risk requirements.

(2) FHLB Capital Stock

a. Aggregate Totals

1. Current Year

	(1)	(2)	(3)
	<u>Total 2 + 3</u>	<u>General Account</u>	<u>Protected Cell Accounts</u>
a. Membership Stock – Class A	\$ —	\$ —	\$ —
b. Membership Stock – Class B	\$ 331,000	\$ 331,000	\$ —
c. Activity Stock	\$ —	\$ —	\$ —
d. Excess Stock	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
e. Aggregate Total	<u>\$ 331,000</u>	<u>\$ 331,000</u>	<u>\$ —</u>
f. Estimated borrowing capacity	<u>\$ 69,714,801</u>		

NOTES TO FINANCIAL STATEMENTS

2. Prior Year	(1)	(2)	(3)
	<u>Total 2 + 3</u>	<u>General Account</u>	<u>Protected Cell Accounts</u>
a. Membership Stock – Class A	\$ —	\$ —	\$ —
b. Membership Stock – Class B	\$ 331,000	\$ 331,000	\$ —
c. Activity Stock	\$ —	\$ —	\$ —
d. Excess Stock	\$ —	\$ —	\$ —
e. Aggregate Total	<u>\$ 331,000</u>	<u>\$ 331,000</u>	<u>\$ —</u>
f. Estimated borrowing capacity	<u>\$ 23,600,922</u>		

b. Membership Stock Eligible for Redemption

<u>Membership Stock</u>	<u>Current Year Total</u>	<u>Not Eligible For Redemption</u>	<u>Less Than Six Months</u>	<u>Six Months to Less Than a Year</u>	<u>1 to Less Than 3 Years</u>	<u>3 to 5 Years</u>
1. Class A	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2. Class B	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 331,000

C. Collateral pledged to the FHLB

Not applicable.

D. Borrowing from FHLB

Not applicable.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. Defined Benefit Plans

The Company has a non—qualified, unfunded, directors' retirement plan and a retiree healthcare plan both of which are closed to new participants. The related liabilities and expenses are not material to the Company's financial position.

The Company also has a non—qualified voluntary deferred compensation plan for senior executive officers. The plan allows for deferral of payouts from the Annual Cash Bonus Plan and Performance Share Plan for Key Executives. As of March 31, 2014 and December 31, 2013, amounts held for these deferrals were \$5.7 million and \$7.9 million, respectively.

B. Investment Policies and Strategies

Not applicable.

C. Fair Value of Plan Assets

Not applicable.

D. Basis of Rates of Returns on Assets

Not applicable.

E. Defined Contribution Plans

No significant change.

F. Multiemployer Plans

Not applicable.

G. Consolidated/Holding Company Plans

Not applicable.

H. Postemployment Benefits and Compensated Absences

Not applicable.

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04—17)

Not applicable.

NOTES TO FINANCIAL STATEMENTS

13. Capital and Surplus, Dividend Restrictions and Quasi—Reorganizations

- (1) Not applicable.
- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.
- (5) Not applicable.
- (6) Not applicable.
- (7) Not applicable.
- (8) Not applicable.
- (9) Not applicable.
- (10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses before tax is \$35.5 million.
- (11) Not applicable.
- (12) Not applicable.
- (13) Not applicable.

14. Contingencies

- A. Contingent Commitments
Not applicable.
- B. Assessments
No significant changes.
- C. Gain Contingencies
Not applicable.
- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits
No significant changes.
- E. Product Warranties
Not applicable.
- F. All Other Contingencies
Not applicable.

15. Leases

No significant changes.

16. Information about Financial Instruments With Off—Balance—Sheet Risk and Financial Instruments With Concentrations of Credit Risk

Not applicable.

17. Sale, Transfer, and Servicing of Financial Assets and Extinguishment of Liabilities

- A. Transfers of Receivables Reported as Sales
Not applicable.
- B. Transfer and Servicing of Financial Assets
Not applicable.
- C. Wash Sales
Not applicable.

NOTES TO FINANCIAL STATEMENTS

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

- A. ASO Plans
Not applicable.
- B. ASC Plans
Not applicable.
- C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract
Not applicable.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not applicable.

20. Fair Value Measurements

- A. The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by FASB ASC 820 (SFAS No. 157), *Fair Value Measurements*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

Level 1:

Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2:

Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3:

Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

(1) Fair Value Measurements at March 31, 2014:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value:				
Perpetual Preferred Stock:				
Industrial and Misc	\$ 1,185,510	\$ —	\$ —	\$ 1,185,510
Total Perpetual Preferred Stocks	1,185,510	—	—	1,185,510
Common Stock:				
Mutual Funds	26,518,665			26,518,665
Industrial and Misc	45,445,848	525,818		45,971,666
Parent, Subsidiaries, and Affiliates	—	—	—	—
Total Common Stocks	71,964,513	525,818	—	72,490,331
Other Invested Assets	—	—	3,554,044	3,554,044
Total assets at fair value	<u>\$ 73,150,023</u>	<u>\$ 525,818</u>	<u>\$ 3,554,044</u>	<u>\$ 77,229,885</u>
b. Liabilities at fair value:				
Not applicable.				

NOTES TO FINANCIAL STATEMENTS

Fair Value Measurements at December 31, 2013:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value:				
Perpetual Preferred Stock:				
Industrial and Misc	\$ 1,161,426	\$ —	\$ —	\$ 1,161,426
Total Perpetual Preferred Stock	1,161,426	—	—	1,161,426
Common Stock:				
Mutual Funds	25,671,937			25,671,937
Industrial and Misc	45,244,715	527,390	—	45,772,105
Parent, Subsidiaries, and Affiliates	—	—	—	—
Total Common Stocks	70,916,652	527,390	—	71,444,042
Other Invested Assets	—	—	4,785,707	4,785,707
Total assets at fair value	\$ 72,078,078	\$ 527,390	\$ 4,785,707	\$ 77,391,175

b. Liabilities at fair value:

Not applicable.

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy:

	Beginning Balance at 01/01/2014	Transfers In/(out) Level 3	Total Gains/(Losses) Included in Net Income	Total Gains/(Losses) Included in Surplus	(Sales)	Ending Balance at 03/31/2014
a. Assets:						
Other Invested Assets	4,785,707	—	270,772	(202,775)	(1,299,660)	3,554,044
Total Assets	\$ 4,785,707	\$ —	\$ 270,772	\$ (202,775)	\$ (1,299,660)	\$ 3,554,044
b. Liabilities:						
Not applicable.						

(3) The Company's policy is to recognize transfers in and out as of the end of the reporting period.

(4) As of March 31, 2014, the reported fair value of the entity's investments categorized within Level 3 of the fair value hierarchy is as follows:

Other Invested Assets – The Company holds an investment in one partnership that is valued according to the underlying assets. The underlying assets are primarily investments in private limited partnerships in which the fair value is determined by each partnership's audited GAAP financial statements and adjusted for the Company's proportional share of the entity's earnings.

B. Not applicable.

C. Fair Value of All Financial Instruments:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 123,318,922	\$ 119,330,675	\$ 1,259,175	\$ 122,059,747	\$ —	\$ —
Perpetual Preferred Stock	1,185,510	1,185,510	1,185,510	—	—	—
Common Stock	72,490,331	72,490,331	71,964,513	525,818	—	—
Other Invested Assets	3,554,044	3,554,044	—	—	3,554,044	—

D. The Company has no assets for which it was not practicable to estimate fair value.

21. Other Items

A. Extraordinary Items

Not applicable.

B. Troubled Debt Restructuring: Debtors

Not applicable.

C. Other Disclosures and Unusual Items

Not applicable.

NOTES TO FINANCIAL STATEMENTS

- D. Business Interruption Insurance Recoveries
Not applicable.
- E. State Transferable and Non—transferrable Tax Credits
Not applicable.
- F. Subprime Mortgage Related Risk Exposure
Not applicable.

22. Events Subsequent

Type I – Recognized Subsequent Events:

Subsequent events have been considered through May 15, 2014 for the statutory statement issued on May 15, 2014 for the quarter ending March 31, 2014. No Type I events were identified that would have a material effect on the financial condition of the Company.

Type II – Nonrecognized Subsequent Events:

Subsequent events have been considered through May 15, 2014 for the statutory statement issued on May 15, 2014 for the year ending March 31, 2014. No Type II events were identified that would have a material effect on the financial condition of the Company.

23. Reinsurance

- A. Unsecured Reinsurance Recoverables
Not applicable.
- B. Reinsurance Recoverable in Dispute
Not applicable.
- C. Reinsurance Assumed and Ceded
No significant change.
- D. Uncollectible Reinsurance
No significant change.
- E. Commutation of Ceded Reinsurance
Not applicable.
- F. Retroactive Reinsurance
Not applicable.
- G. Reinsurance Accounted for as a Deposit
Not applicable.
- H. Disclosures for the Transfer of Property and Casualty Run—off Agreements
Not applicable.
- I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation
Not applicable.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable.

25. Changes in Incurred Losses and Loss Adjustment Expense

Reserves as of December 31, 2013 were \$38.6 million. In calendar year 2014, \$8.1 million has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$29.5 million. Therefore, there has been a \$1.0 million favorable prior-year development from December 31, 2013 to March 31, 2014. The favorable development is generally the result of ongoing analysis of recent loss development trends, and from decreases in the estimates of loss and loss adjustment expenses for the following lines of business: commercial auto liability, auto physical damage, homeowners/farmowners, commercial multi-peril, other liability and special property. These decreases were offset, in part, by increases in workers compensation and private passenger auto liability. Original estimates are increased or decreased as additional information becomes known regarding individual claims. The estimates are not affected by prior year loss development on retrospectively rated policies, as the Company does not write

NOTES TO FINANCIAL STATEMENTS

this type of policy.

26. Intercompany Pooling Agreements

- A. No significant change.
- B. No significant change.
- C. No significant change.
- D. No significant change.
- E. No significant change.
- F. No significant change.
- G. No significant change.

27. Structured Settlements

Not applicable.

28. Health Care Receivables

Not applicable.

29. Participating Policies

Not applicable.

30. Premium Deficiency Reserves

No significant change.

31. High Deductibles

Not applicable.

32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

No significant change.

33. Asbestos/Environmental Reserves

- A. Does the Company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses? Yes () No (x)
- B. Not applicable.
- C. Not applicable.
- D. Does the Company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to environmental losses? Yes (x) No ()

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
(1) Direct –					
a. Beginning reserves:	\$ 14	\$ 14	\$ 14	\$ 14	\$ 86
b. Incurred losses and loss adjustment expense:	62	27	39	95	3
c. Calendar year payments for losses and loss adjustment expenses:	<u>62</u>	<u>27</u>	<u>12</u>	<u>50</u>	<u>3</u>
d. Ending reserves:	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ 41</u>	<u>\$ 86</u>	<u>\$ 86</u>
(2) Assumed Reinsurance –					
a. Beginning reserves:	\$ —	\$ —	\$ —	\$ —	\$ —
b. Incurred losses and loss adjustment expense:	—	—	—	—	—
c. Calendar year payments for losses and loss adjustment expenses:	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
d. Ending reserves:	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

NOTES TO FINANCIAL STATEMENTS

(3) Net of Ceded Reinsurance –					
a. Beginning reserves:	\$ 14	\$ 14	\$ 14	\$ 14	\$ 86
b. Incurred losses and loss adjustment expense:	62	27	39	55	(86)
c. Calendar year payments for loss and loss adjustment expenses:	<u>62</u>	<u>27</u>	<u>12</u>	<u>10</u>	<u>—</u>
d. Ending reserves:	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ 41</u>	<u>\$ 86</u>	<u>\$ 86</u>

The Company's exposure to environmental losses arises from the sale of general liability insurance. The Company estimates the full impact of the environmental exposure by establishing full case basis reserves on all known losses and computing incurred but not reported losses based on previous experience. The Company's estimate of the environmental related losses for each of the five most recent years after intercompany pooling are displayed above.

E. State the amount of ending reserves for Bulk + IBNR included in D (Loss and LAE):

(1) Direct Basis:	\$ —
(2) Assumed Reinsurance Basis:	\$ —
(3) Net of Ceded Reinsurance Basis:	\$ —

F. State the amount of ending reserves for loss adjustment expenses included in D (Case, Bulk + IBNR):

(1) Direct Basis:	\$ —
(2) Assumed Reinsurance Basis:	\$ —
(3) Net of Ceded Reinsurance Basis:	\$ —

34. Subscriber Savings Accounts

Not applicable.

35. Multiple Peril Crop Insurance

Not applicable.

36. Financial Guaranty Insurance

Not applicable.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes No
- 1.2 If yes, has the report been filed with the domiciliary state? Yes No
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No
- 2.2 If yes, date of change:
- 3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No
If yes, complete Schedule Y, Parts 1 and 1A.
- 3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes No
- 3.3 If the response to 3.2 is yes, provide a brief description of those changes.
.....
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes No NA
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2011
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/2011
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).11/26/2012
- 6.4 By what department or departments?
Ohio.....
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes No NA
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No NA
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes No
- 7.2 If yes, give full information:
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?..... Yes No
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?..... Yes No
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

GENERAL INTERROGATORIES

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes No
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 (c) Compliance with applicable governmental laws, rules and regulations;
 (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 (e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:

- 9.2 Has the code of ethics for senior managers been amended? Yes No

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes No

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes No

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes No

11.2 If yes, give full and complete information relating thereto:

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ 0

13. Amount of real estate and mortgages held in short-term investments: \$ 0

- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes No

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$ 310,443	\$ 309,585
14.24 Short-Term Investments	\$	\$
14.25 Mortgage Loans on Real Estate	\$	\$
14.26 All Other	\$	\$
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$ 310,443	\$ 309,585
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes No

- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No

If no, attach a description with this statement.

GENERAL INTERROGATORIES

- 16 For the reporting entity's security lending program, state the amount of the following as of the current statement date:
- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$0
 - 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$0
 - 16.3 Total payable for securities lending reported on the liability page \$0

17. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [X] No []

17.1 For all agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian Address
FirstMerit.....	Akron, Ohio.....
Northern Trust.....	Chicago, Illinois.....

17.2 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes [X] No []

17.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Merrill Lynch.....	Northern Trust.....	..01/01/2014.....	Competitive pricing and technology.....

17.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
None.....		

18.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes [X] No []

18.2 If no, list exceptions:
.....

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [] No [X] NA []
 If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes [] No [X]
 If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [] No [X]
 3.2 If yes, give full and complete information thereto.

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see *Annual Statement Instructions* pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero? Yes [] No [X]

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Discount Rate	TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 TOTAL
.....										
.....										
.....										
.....										
.....										
TOTAL			0	0	0	0	0	0	0	0

5. Operating Percentages:
 5.1 A&H loss percent 0.0 %
 5.2 A&H cost containment percent 0.0 %
 5.3 A&H expense percent excluding cost containment expenses 0.0 %

6.1 Do you act as a custodian for health savings accounts? Yes [] No [X]
 6.2 If yes, please provide the amount of custodial funds held as of the reporting date \$ _____
 6.3 Do you act as an administrator for health savings accounts? Yes [] No [X]
 6.4 If yes, please provide the balance of the funds administered as of the reporting date \$ _____

STATEMENT AS OF MARCH 31, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

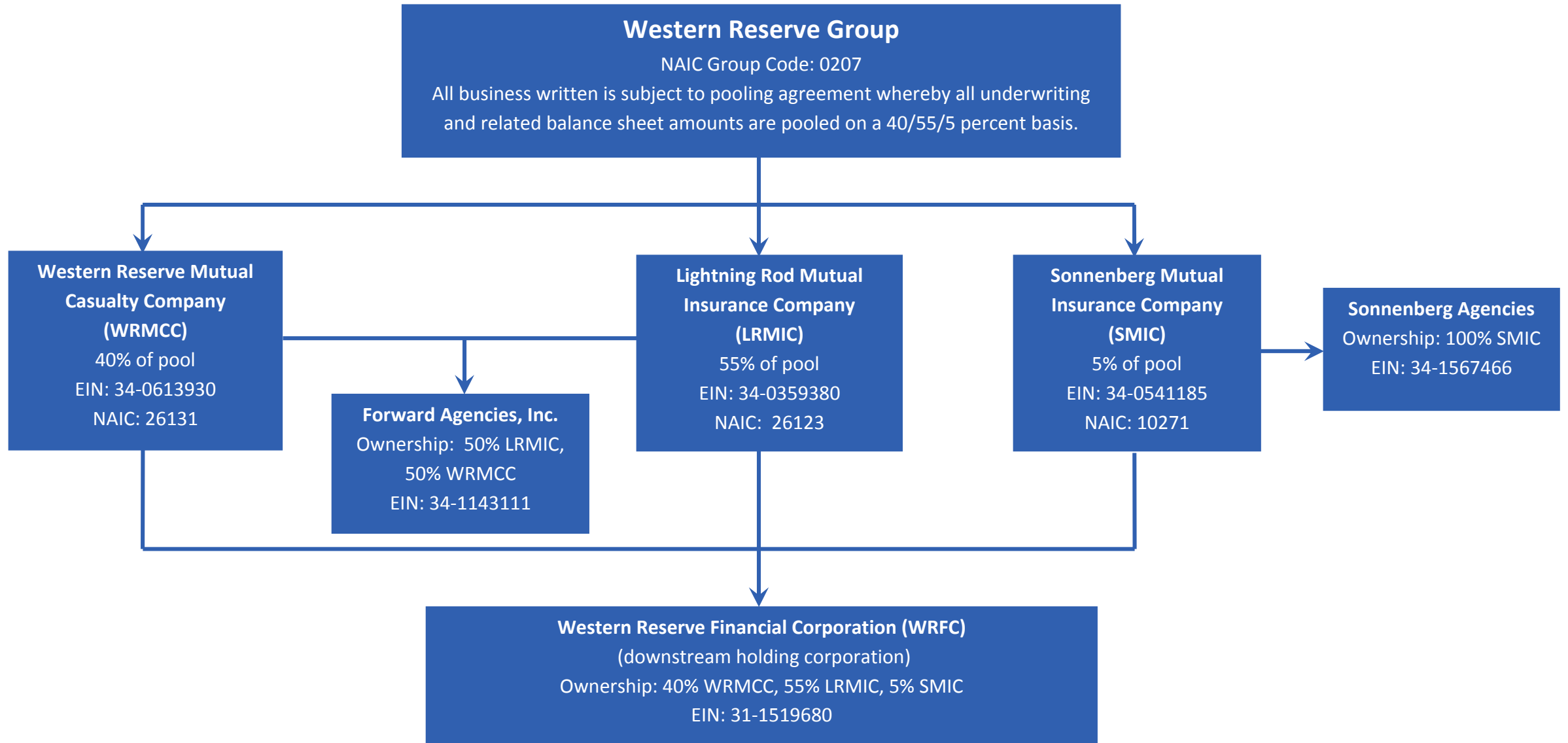
States, etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid		
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date	
1. Alabama	AL	N	0	0	0	0	0	
2. Alaska	AK	N	0	0	0	0	0	
3. Arizona	AZ	N	0	0	0	0	0	
4. Arkansas	AR	N	0	0	0	0	0	
5. California	CA	N	0	0	0	0	0	
6. Colorado	CO	N	0	0	0	0	0	
7. Connecticut	CT	N	0	0	0	0	0	
8. Delaware	DE	N	0	0	0	0	0	
9. Dist. Columbia	DC	N	0	0	0	0	0	
10. Florida	FL	N	0	0	0	0	0	
11. Georgia	GA	N	0	0	0	0	0	
12. Hawaii	HI	N	0	0	0	0	0	
13. Idaho	ID	N	0	0	0	0	0	
14. Illinois	IL	L	0	0	0	0	0	
15. Indiana	IN	L	6,470,454	6,114,673	3,795,652	3,517,744	6,304,649	5,885,910
16. Iowa	IA	N	0	0	0	0	0	0
17. Kansas	KS	N	0	0	0	0	0	0
18. Kentucky	KY	N	0	0	0	0	0	0
19. Louisiana	LA	N	0	0	0	0	0	0
20. Maine	ME	N	0	0	0	0	0	0
21. Maryland	MD	N	0	0	0	0	0	0
22. Massachusetts	MA	N	0	0	0	0	0	0
23. Michigan	MI	N	0	0	0	0	0	0
24. Minnesota	MN	N	0	0	0	0	0	0
25. Mississippi	MS	N	0	0	0	0	0	0
26. Missouri	MO	N	0	0	0	0	0	0
27. Montana	MT	N	0	0	0	0	0	0
28. Nebraska	NE	N	0	0	0	0	0	0
29. Nevada	NV	N	0	0	0	0	0	0
30. New Hampshire	NH	N	0	0	0	0	0	0
31. New Jersey	NJ	N	0	0	0	0	0	0
32. New Mexico	NM	N	0	0	0	0	0	0
33. New York	NY	N	0	0	0	0	0	0
34. No. Carolina	NC	N	0	0	0	0	0	0
35. No. Dakota	ND	N	0	0	0	0	0	0
36. Ohio	OH	L	15,767,135	15,277,326	6,570,121	5,959,856	16,343,592	15,793,077
37. Oklahoma	OK	N	0	0	0	0	0	0
38. Oregon	OR	N	0	0	0	0	0	0
39. Pennsylvania	PA	N	0	0	0	0	0	0
40. Rhode Island	RI	N	0	0	0	0	0	0
41. So. Carolina	SC	N	0	0	0	0	0	0
42. So. Dakota	SD	N	0	0	0	0	0	0
43. Tennessee	TN	L	0	0	0	0	0	0
44. Texas	TX	N	0	0	0	0	0	0
45. Utah	UT	N	0	0	0	0	0	0
46. Vermont	VT	N	0	0	0	0	0	0
47. Virginia	VA	N	0	0	0	0	0	0
48. Washington	WA	N	0	0	0	0	0	0
49. West Virginia	WV	N	0	0	0	0	0	0
50. Wisconsin	WI	N	0	0	0	0	0	0
51. Wyoming	WY	N	0	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0
57. Canada	CAN	N	0	0	0	0	0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0
59. Totals	(a)	4	22,237,589	21,391,999	10,365,773	9,477,600	22,648,241	21,678,987
DETAILS OF WRITE-INS								
58001.	XXX							
58002.	XXX							
58003.	XXX							
58998. Summary of remaining write-ins for Line 58 from overflow page.	XXX		0	0	0	0	0	0
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX		0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART



STATEMENT AS OF MARCH 31, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

PART 1 - LOSS EXPERIENCE

Line of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire	1,432		0.0	0.0
2. Allied lines	1,665		0.0	(465.8)
3. Farmowners multiple peril	4,731,645	1,144,983	24.2	16.4
4. Homeowners multiple peril	8,022,431	3,912,384	48.8	20.2
5. Commercial multiple peril	2,536,933	2,914,443	114.9	10.0
6. Mortgage guaranty	0		0.0	0.0
8. Ocean marine	0		0.0	0.0
9. Inland marine	228,127	38,560	16.9	10.9
10. Financial guaranty	0		0.0	0.0
11.1 Medical professional liability -occurrence	0		0.0	0.0
11.2 Medical professional liability -claims made	0		0.0	0.0
12. Earthquake	5,425		0.0	0.0
13. Group accident and health	0		0.0	0.0
14. Credit accident and health	0		0.0	0.0
15. Other accident and health	0		0.0	0.0
16. Workers' compensation	0		0.0	0.0
17.1 Other liability occurrence	125,525	(153,680)	(122.4)	7.3
17.2 Other liability-claims made	10,086		0.0	0.0
17.3 Excess Workers' Compensation	0		0.0	0.0
18.1 Products liability-occurrence	8,931	30,000	335.9	(59.7)
18.2 Products liability-claims made	0		0.0	0.0
19.1,19.2 Private passenger auto liability	2,601,274	1,689,569	65.0	35.1
19.3,19.4 Commercial auto liability	1,020,128	700,744	68.7	73.1
21. Auto physical damage	2,815,168	1,374,774	48.8	50.4
22. Aircraft (all perils)	0		0.0	0.0
23. Fidelity	0		0.0	0.0
24. Surety	0		0.0	0.0
26. Burglary and theft	12,839		0.0	3.4
27. Boiler and machinery	117,550	67,213	57.2	0.0
28. Credit	0		0.0	0.0
29. International	0		0.0	0.0
30. Warranty	0		0.0	0.0
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0.0	0.0
35. TOTALS	22,239,159	11,718,990	52.7	26.7
DETAILS OF WRITE-INS				
3401.				
3402.				
3403.				
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0.0	0.0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0.0	0.0

PART 2 - DIRECT PREMIUMS WRITTEN

Line of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire	911	911	2,292
2. Allied lines	845	845	3,324
3. Farmowners multiple peril	4,980,487	4,980,487	4,544,249
4. Homeowners multiple peril	6,855,924	6,855,924	6,279,418
5. Commercial multiple peril	2,776,343	2,776,343	2,510,942
6. Mortgage guaranty	0	0	0
8. Ocean marine	0	0	0
9. Inland marine	269,636	269,636	242,491
10. Financial guaranty	0	0	0
11.1 Medical professional liability-occurrence	0	0	0
11.2 Medical professional liability-claims made	0	0	0
12. Earthquake	8,736	8,736	8,501
13. Group accident and health	0	0	0
14. Credit accident and health	0	0	0
15. Other accident and health	0	0	0
16. Workers' compensation	0	0	0
17.1 Other liability occurrence	141,162	141,162	133,158
17.2 Other liability-claims made	7,923	7,923	8,841
17.3 Excess Workers' Compensation	0	0	0
18.1 Products liability-occurrence	5,061	5,061	5,186
18.2 Products liability-claims made	0	0	0
19.1,19.2 Private passenger auto liability	2,795,836	2,795,836	3,046,805
19.3,19.4 Commercial auto liability	1,178,421	1,178,421	1,121,835
21. Auto physical damage	3,077,658	3,077,658	3,341,007
22. Aircraft (all perils)	0	0	0
23. Fidelity	0	0	0
24. Surety	0	0	0
26. Burglary and theft	15,102	15,102	16,701
27. Boiler and machinery	123,544	123,544	127,249
28. Credit	0	0	0
29. International	0	0	0
30. Warranty	0	0	0
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0
35. TOTALS	22,237,589	22,237,589	21,391,999
DETAILS OF WRITE-INS			
3401.	0	0	0
3402.	0	0	0
3403.	0	0	0
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0

STATEMENT AS OF MARCH 31, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2014 Loss and LAE Payments on Claims Reported as of Prior Year-End	2014 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2014 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2011 + Prior	6,968	615	7,583	663	2	665	5,723	15	371	6,109	(582)	(227)	(809)
2. 2012	8,282	752	9,034	1,007	16	1,023	6,728	17	472	7,217	(547)	(247)	(794)
3. Subtotals 2012 + prior	15,250	1,367	16,617	1,670	18	1,688	12,451	32	843	13,326	(1,129)	(474)	(1,603)
4. 2013	16,937	5,076	22,013	5,748	602	6,350	13,160	300	2,741	16,201	1,971	(1,433)	538
5. Subtotals 2013 + prior	32,187	6,443	38,630	7,418	620	8,038	25,611	332	3,584	29,527	842	(1,907)	(1,065)
6. 2014	XXX	XXX	XXX	XXX	7,640	7,640	XXX	6,923	2,230	9,153	XXX	XXX	XXX
7. Totals	32,187	6,443	38,630	7,418	8,260	15,678	25,611	7,255	5,814	38,680	842	(1,907)	(1,065)
8. Prior Year-End Surplus As Regards Policy-holders	137,626												
											Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. 2.6	2. (29.6)	3. (2.8)
													Col. 13, Line 7 Line 8
													4. (0.8)

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

	<u>Response</u>
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?NO.....
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?NO.....
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?NO.....
4. Will the Director and Officer Insurance Coverage Supplement be filed with the state of domicile and the NAIC with this statement?YES.....

Explanation:

- 1.
- 2.
- 3.

Bar Code:

1.	 2 6 1 2 3 2 0 1 4 4 9 0 0 0 0 0 1
2.	 2 6 1 2 3 2 0 1 4 4 5 5 0 0 0 0 1
3.	 2 6 1 2 3 2 0 1 4 3 6 5 0 0 0 0 1

OVERFLOW PAGE FOR WRITE-INS

PQ004 Additional Aggregate Lines for Page 04 Line 37.

*STMTINCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
3704. Change in Surplus Due to Adoption of SSAP No. 102 less deferred tax of \$45,121.....	0	87,587	87,587
3705. Option Liability Surplus.....	0	(30,584)	21,778
3797. Summary of remaining write-ins for Line 37 from Page 04	0	57,003	109,365

STATEMENT AS OF MARCH 31, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE A – VERIFICATION

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	5,523,140	5,766,669
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	14,531
2.2 Additional investment made after acquisition	0	0
3. Current year change in encumbrances	0	0
4. Total gain (loss) on disposals	0	0
5. Deduct amounts received on disposals	0	0
6. Total foreign exchange change in book/adjusted carrying value	0	0
7. Deduct current year's other-than-temporary impairment recognized	0	0
8. Deduct current year's depreciation	63,007	258,060
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8)	5,460,133	5,523,140
10. Deduct total nonadmitted amounts	0	0
11. Statement value at end of current period (Line 9 minus Line 10)	5,460,133	5,523,140

SCHEDULE B – VERIFICATION

Mortgage Loans

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Capitalized deferred interest and other	0	0
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	0	0
6. Total gain (loss) on disposals	0	0
7. Deduct amounts received on disposals	0	0
8. Deduct amortization of premium and mortgage interest points and commitment fees	0	0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest	0	0
10. Deduct current year's other-than-temporary impairment recognized	0	0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance	0	0
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts	0	0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

NONE

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	4,785,707	5,153,791
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Capitalized deferred interest and other	0	0
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	(202,775)	25,163
6. Total gain (loss) on disposals	270,772	83,983
7. Deduct amounts received on disposals	1,299,660	477,230
8. Deduct amortization of premium and depreciation	0	0
9. Total foreign exchange change in book/adjusted carrying value	0	0
10. Deduct current year's other-than-temporary impairment recognized	0	0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	3,554,044	4,785,707
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	3,554,044	4,785,707

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	190,145,829	169,647,077
2. Cost of bonds and stocks acquired	4,396,876	53,103,257
3. Accrual of discount	28,969	114,094
4. Unrealized valuation increase (decrease)	691,929	8,138,941
5. Total gain (loss) on disposals	12,615	1,454,796
6. Deduct consideration for bonds and stocks disposed of	1,839,236	41,653,894
7. Deduct amortization of premium	120,631	375,142
8. Total foreign exchange change in book/adjusted carrying value	0	0
9. Deduct current year's other-than-temporary impairment recognized	0	283,300
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	193,316,351	190,145,829
11. Deduct total nonadmitted amounts	309,585	310,443
12. Statement value at end of current period (Line 10 minus Line 11)	193,006,766	189,835,386

STATEMENT AS OF MARCH 31, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. NAIC 1 (a).....	113,625,630	16,979,711	15,305,350	(74,626)	115,225,365	0	0	113,625,630
2. NAIC 2 (a).....	5,482,315			(19,296)	5,463,018	0	0	5,482,315
3. NAIC 3 (a).....	1,046,276			(3,093)	1,043,183	0	0	1,046,276
4. NAIC 4 (a).....	0				0	0	0	0
5. NAIC 5 (a).....	0				0	0	0	0
6. NAIC 6 (a).....	0				0	0	0	0
7. Total Bonds	120,154,221	16,979,711	15,305,350	(97,015)	121,731,567	0	0	120,154,221
PREFERRED STOCK								
8. NAIC 1.....	0				0	0	0	0
9. NAIC 2.....	1,161,426			24,084	1,185,510	0	0	1,161,426
10. NAIC 3.....	0				0	0	0	0
11. NAIC 4.....	0				0	0	0	0
12. NAIC 5.....	0				0	0	0	0
13. NAIC 6.....	0				0	0	0	0
14. Total Preferred Stock.....	1,161,426	0	0	24,084	1,185,510	0	0	1,161,426
15. Total Bonds & Preferred Stock	121,315,647	16,979,711	15,305,350	(72,931)	122,917,077	0	0	121,315,647

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ 1,796,250 ; NAIC 2 \$ 604,642 ; NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

S102

SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	2,400,892	XXX	2,420,350	53	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	2,924,301	2,001,162
2. Cost of short-term investments acquired	12,979,871	32,326,606
3. Accrual of discount0
4. Unrealized valuation increase (decrease).....		.0
5. Total gain (loss) on disposals0
6. Deduct consideration received on disposals	13,496,345	31,390,944
7. Deduct amortization of premium.....	6,935	12,524
8. Total foreign exchange change in book/adjusted carrying value.....		.0
9. Deduct current year's other-than-temporary impairment recognized.....		.0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	2,400,892	2,924,301
11. Deduct total nonadmitted amounts.....		.0
12. Statement value at end of current period (Line 10 minus Line 11)	2,400,892	2,924,301

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B - Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

Schedule E - Verification

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

STATEMENT AS OF MARCH 31, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

1 CUSIP Identification	2 Name or Description	3 Location		5 Name of Vendor or General Partner	6 NAIC Designation	7 Date Originally Acquired	8 Type and Strategy	9 Actual Cost at Time of Acquisition	10 Additional Investment Made After Acquisition	11 Amount of Encumbrances	12 Commitment for Additional Investment	13 Percentage of Ownership
		City	State									
NONE												
4499999 – Subtotals Unaffiliated								0	0	0	0	XXX
4599999 – Subtotals Affiliated								0	0	0	0	XXX
4699999 Totals								0	0	0	0	XXX

E03

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

1 CUSIP Identification	2 Name or Description	3 Location		5 Name of Purchaser or Nature of Disposal	6 Date Originally Acquired	7 Disposal Date	8 Book/ Adjusted Carrying Value Less Encumbrances Prior Year	9 Change in Book/Adjusted Carrying Value						15 Book/Adjusted Carrying Value Less Encumbrances on Disposal	16 Consideration	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Investment Income			
		City	State					9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Depreciation) or (Amortization)/ Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other	13 Total Change in B./A.C.V. (9+10-11+12)	14 Total Foreign Exchange Change in B./A.C.V.									
Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics - Common Stocks - Unaffiliated																						
8EBK69-99-3	The Endowment Fund LP (Domestic QP)			Merrill Lynch	06/01/2008	02/06/2014	1,299,660	(270,772)					(270,772)		1,028,888	1,299,660		270,772	270,772			
1599999 - Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics - Common Stocks - Unaffiliated																						
							1,299,660	(270,772)	0	0	0	0	(270,772)	0	1,028,888	1,299,660	0	270,772	270,772	0		
4499999 – Subtotals Unaffiliated								1,299,660	(270,772)	0	0	0	(270,772)	0	1,028,888	1,299,660	0	270,772	270,772	0		
4599999 – Subtotals Affiliated								0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4699999 Totals								1,299,660	(270,772)	0	0	0	(270,772)	0	1,028,888	1,299,660	0	270,772	270,772	0		

STATEMENT AS OF MARCH 31, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments									
831641-EZ-4	SBA SBIC 2013-10B CL1		03/05/2014	First Empire Securities I		600,531	572,275	514	1FE
0599999 - Bonds - U.S. Governments						600,531	572,275	514	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions									
194475-RC-5	College Station TX ISD Sch Bldg		01/22/2014	Raymond James & Associate		600,120	500,000	347	1FE
985743-NY-5	Yellowstone Cnty MT SD #2		01/15/2014	D A Davidson & Co		355,164	300,000		1FE
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						955,284	800,000	347	XXX
Bonds - U.S. Special Revenue									
24588T-BA-3	Delaware Cnty OH San Swr Sys Rev		03/06/2014	Fifth Third Securities, I		235,708	210,000		1FE
63968A-VF-9	Nebraska St Pub Pwr Dist Revenue		02/20/2014	D A Davidson & Co		337,929	300,000	2,250	1FE
88283L-EM-4	Texas Transportation Commission		02/05/2014	Raymond James & Associate		563,020	500,000	8,958	1FE
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						1,136,657	1,010,000	11,208	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)									
370334-BM-5	General Mills Inc		03/20/2014	Raymond James & Associate		503,300	500,000	4,375	1FE
452308-AP-4	Illinois Tool Works Inc		01/09/2014	D A Davidson & Co		503,615	500,000	5,578	1FE
774341-AC-5	Rockwell Collins Inc		03/14/2014	D A Davidson & Co		300,453	300,000	3,203	1FE
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						1,307,368	1,300,000	13,156	XXX
8399997 - Subtotals - Bonds - Part 3						3,999,840	3,682,275	25,226	XXX
8399999 - Subtotals - Bonds						3,999,840	3,682,275	25,226	XXX
Common Stocks - Industrial and Miscellaneous									
17275R-10-2	Cisco Systems		01/24/2014	Merrill Lynch		7,275,000	162,451		L
9099999 - Common Stocks - Industrial and Miscellaneous (Unaffiliated)						162,451	XXX	0	XXX
Common Stocks - Mutual Funds									
277911-49-1	Eaton Vance Floating Rate Fnd CL I		02/18/2014	Merrill Lynch		23,965,140	220,000		U
486606-10-6	Kayne Anderson MLP		01/17/2014	Reinvested Distribution		412,470	14,585		L
9299999 - Common Stocks - Mutual Funds						234,585	XXX	0	XXX
9799997 - Subtotals - Common Stocks - Part 3						397,036	XXX	0	XXX
9799999 - Subtotals - Common Stocks						397,036	XXX	0	XXX
9899999 - Subtotals - Preferred and Common Stocks						397,036	XXX	0	XXX
9999999 Totals						4,396,876	XXX	25,226	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues1

E04

STATEMENT AS OF MARCH 31, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)	
Bonds - U.S. Governments																					
36217A-HM-5	GNMA Pool #187536	03/15/2014	PRINCIPAL RECEIPT		84	84	83	84				0		84		0	0	1	02/15/2017	1FE	
36295P-6H-0	GNMA Pool #676872	03/15/2014	PRINCIPAL RECEIPT		21,697	21,697	21,886	21,844		(148)		(148)		21,697		0	223	03/15/2023	1FE		
831641-ES-0	SBA SBC 2010-10A 1 CMO	03/10/2014	PRINCIPAL RECEIPT		76,868	76,868	83,786	83,483		(6,615)		(6,615)		76,868		0	1,566	03/10/2020	1FE		
831641-EZ-4	SBA SBC 2013-10B CL	03/10/2014	PRINCIPAL RECEIPT		13,863	13,863	14,309	14,285		(422)		(422)		13,863		0	217	09/10/2023	1FE		
0599999 - Bonds - U.S. Governments					112,511	112,511	120,065	119,695	0	(7,184)	0	(7,184)	0	112,511	0	0	0	2,008	XXX	XXX	
Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																					
015714-BD-9	Aligona IA Municipal Utilities El. FHLMC (Gold) Pool	02/24/2014	D A Davidson & Co.		479,750	475,000	475,000	475,000				0		475,000		4,750	4,750	3,688	12/01/2021	1FE	
3128M1-LA-5	#G12221	03/15/2014	PRINCIPAL RECEIPT		7,199	7,199	7,199	7,199				0		7,199		0	62	06/01/2021	1FE		
31335H-5P-4	FHLMC (Gold) Pool #C90854	03/15/2014	PRINCIPAL RECEIPT		7,582	7,582	7,607	7,604		(22)		(22)		7,582		0	70	09/01/2024	1FE		
31294K-K5-3	FHLMC (Gold) Pool #E01216	03/15/2014	PRINCIPAL RECEIPT		5,748	5,748	5,791	5,765		(16)		(16)		5,748		0	52	10/01/2017	1FE		
3128M1-BB-4	FHLMC (Gold) Pool #G11934	03/15/2014	PRINCIPAL RECEIPT		5,467	5,467	5,464	5,458		9		9		5,467		0	48	04/01/2016	1FE		
3128M1-PA-1	FHLMC (Gold) Pool #G12317	03/15/2014	PRINCIPAL RECEIPT		6,450	6,450	6,450	6,450				0		6,450		0	59	08/01/2021	1FE		
312800-N9-4	FHLMC (Gold) Pool #J19416	03/15/2014	PRINCIPAL RECEIPT		13,161	13,161	13,523	13,523		(361)		(361)		13,161		0	66	06/01/2027	1FE		
3137AP-BD-1	FHLMC CMO 4033 EB	03/15/2014	PRINCIPAL RECEIPT		15,086	15,086	15,048	15,050		36		36		15,086		0	51	10/15/2036	1FE		
31326F-Y9-3	FHLMC Pool #2B1636	03/17/2014	PRINCIPAL RECEIPT		3,252	3,252	3,179	3,179		73		73		3,252		0	6	08/01/2043	1FE		
3128S2-00-7	FHLMC Pool #T61363	03/15/2014	PRINCIPAL RECEIPT		12,765	12,765	13,356	13,356		(590)		(590)		12,765		0	58	09/01/2042	1FE		
31371L-JU-4	#255075	03/25/2014	PRINCIPAL RECEIPT		9,134	9,134	9,131	9,127		7		7		9,134		0	86	02/01/2024	1FE		
31402R-GM-5	FNMA Pool #735604	03/25/2014	PRINCIPAL RECEIPT		11,399	11,399	11,434	11,414		(16)		(16)		11,399		0	97	06/01/2020	1FE		
3136A1-4P-7	MA	03/25/2014	PRINCIPAL RECEIPT		22,090	22,090	22,145	22,145		(56)		(56)		22,090		0	74	08/25/2040	1FE		
3136A2-VK-6	FNMA CMO TR-2011-126	03/25/2014	PRINCIPAL RECEIPT		20,962	20,962	20,962	20,958		4		4		20,962		0	78	06/25/2040	1FE		
31381P-C9-7	FNMA DUS Pool #466396	03/25/2014	PRINCIPAL RECEIPT		1,724	1,724	1,727	1,727		(3)		(3)		1,724		0	11	11/01/2020	1FE		
31371L-XW-4	FNMA Gtd Mtg Pool #25549	03/25/2014	PRINCIPAL RECEIPT		7,776	7,776	7,733	7,736		40		40		7,776		0	75	10/01/2024	1FE		
31416X-HY-9	FNMA Gtd Mtg Pool #AB2046	03/25/2014	PRINCIPAL RECEIPT		14,215	14,215	13,975	13,989		226		226		14,215		0	72	01/01/2026	1FE		
31418A-LY-2	FNMA Gtd Mtg Pool #NA1242	03/25/2014	PRINCIPAL RECEIPT		7,979	7,979	8,338	8,348		(368)		(368)		7,979		0	38	11/01/2042	1FE		
31418A-V5-4	FNMA Gtd Mtg Pool #NA1535	03/25/2014	PRINCIPAL RECEIPT		17,585	17,585	17,574	17,602		(17)		(17)		17,585		0	58	08/01/2023	1FE		
31418A-WS-3	FNMA Gtd Mtg Pool #NA1556	03/15/2014	PRINCIPAL RECEIPT		9,596	9,596	9,524	9,544		51		51		9,596		0	41	08/01/2028	1FE		
3136A9-AZ-1	106 CL-MA	03/25/2014	PRINCIPAL RECEIPT		4,177	4,177	4,172	4,172		5		5		4,177		0	11	06/25/2042	1FE		
31371K-ZX-8	FNMA Pool #254690	03/25/2014	PRINCIPAL RECEIPT		6,162	6,162	6,120	6,125		38		38		6,162		0	53	04/01/2023	1FE		
31385W-SB-6	FNMA Pool #555014	03/25/2014	PRINCIPAL RECEIPT		9,758	9,758	9,849	9,849		(26)		(26)		9,758		0	88	11/01/2017	1FE		
3136A1-6Y-6	FNMA REMIC Ser 2011-W8 CL AB	03/25/2014	PRINCIPAL RECEIPT		2,931	2,931	3,017	3,000		(69)		(69)		2,931		0	15	08/25/2021	1FE		
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions					701,949	697,199	698,319	698,253	0	(1,054)	0	(1,054)	0	697,199	0	4,750	4,750	4,959	XXX	XXX	
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
771196-AS-1	Roche Holdings Inc 144A	03/01/2014	Partial Call		107,134	90,000	103,810	99,578		(283)		(283)		99,295		7,839	7,839	2,700	03/01/2019	1FE	
871829-AH-0	SySCO Corp NT 144 A	03/15/2014	MATURITY		900,000	900,000	905,850	900,231		(231)		(231)		900,000		0	20,700	03/15/2014	1FE		
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)					1,007,134	990,000	1,009,660	999,810	0	(514)	0	(514)	0	999,295	0	7,839	7,839	23,400	XXX	XXX	
8399997 - Subtotals - Bonds - Part 4					1,821,594	1,799,710	1,828,043	1,817,758	0	(8,752)	0	(8,752)	0	1,809,005	0	12,589	12,589	30,366	XXX	XXX	
8399999 - Subtotals - Bonds					1,821,594	1,799,710	1,828,043	1,817,758	0	(8,752)	0	(8,752)	0	1,809,005	0	12,589	12,589	30,366	XXX	XXX	
Common Stock - Mutual Funds																					
04315J-86-0	Aberdeen Global High Income Fund I	02/26/2014	VARIOUS	0.133	233	XXX	233	233				0		233		0	0	XXX	02/26/2014	J	
001620-86-6	Alerian MLP ETF	02/10/2014	ROC		1,565	XXX	1,565	1,565				0		1,565		0	0	XXX	02/10/2014	J	
03875R-20-5	Arbitrage Funds CL 1	01/22/2014	CASH IN LIEU - FRAC'L SHR	0.340	4	XXX	4	4				0		4		0	0	XXX	01/22/2014	J	
00080Y-72-8	Aston/Lake Partners Lasso Alt	01/17/2014	CASH IN LIEU - FRAC'L SHR	0.311	4	XXX	4	4				0		4		0	0	XXX	01/17/2014	J	
22544R-30-5	Credit Suisse Commodity Fnd Inst'l	01/17/2014	CASH IN LIEU - FRAC'L SHR	0.009		XXX						0				0	0	XXX	01/17/2014	J	
25264S-83-3	Diamond Hill Long Short Fd Cl 1	01/22/2014	CASH IN LIEU - FRAC'L SHR	0.089	2	XXX	1	2		(1)		(1)		1		1	1	XXX	01/22/2014	J	
258620-10-3	Doubleline Total Rtn Bond Fd Cl 1	01/17/2014	CASH IN LIEU - FRAC'L SHR	0.292	3	XXX	3	3				0		3		0	0	XXX	01/17/2014	J	
277911-49-1	Eaton Vance Floating Rate Fnd CL I	01/22/2014	CASH IN LIEU - FRAC'L SHR	0.434	4	XXX	3	4		(1)		(1)		3		1	1	XXX	01/22/2014	J	
277923-72-8	Eaton Vance Global Macro Fund	01/22/2014	CASH IN LIEU - FRAC'L SHR	0.178	2	XXX	2	2				0		2		0	0	XXX	01/22/2014	J	
45070A-40-4	IWA International Fund Cl	01/17/2014	CASH IN LIEU - FRAC'L SHR	0.234	4	XXX	3	4		(1)		(1)		3		1	1	XXX	01/17/2014	J	

E05

STATEMENT AS OF MARCH 31, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22	
										11	12	13	14	15								
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)	
486606-10-6	Kayne Anderson MLP		01/21/2014	VARIOUS	0.470	5,851	XXX	5,851	5,834				0		5,851			0		XXX	U	
52106N-88-9	Lazard Emerging Mkts Eqty PTF CL	R	01/17/2014	CASH IN LIEU - FRAC'L SHR	0.405	7	XXX	7	8				0		7			0		XXX	U	
543495-78-2	Loomis Sayles Gbl Bond Fnd	R	01/17/2014	CASH IN LIEU - FRAC'L SHR	0.394	6	XXX	5	6	(1)			(1)		5		1	1		XXX	U	
577125-10-7	Matthews Asia Dividend Fund	R	01/17/2014	CASH IN LIEU - FRAC'L SHR	0.376	6	XXX	5	6	(1)			(1)		5		1	1		XXX	U	
577130-20-6	Matthews Asian Growth and Inc Fnd	R	01/17/2014	CASH IN LIEU - FRAC'L SHR	0.223	4	XXX	4	4	(1)			(1)		4			0		XXX	U	
67074U-10-3	Nuveen Energy MLP Total Rtn Fnd		02/18/2014	ROC		7,970	XXX	7,970	7,970				0		7,970			0		XXX	U	
72201M-73-5	PIMCO High Yield Fd CL P		01/17/2014	CASH IN LIEU - FRAC'L SHR	0.300	3	XXX	2	3	(1)			(1)		2		1	1		XXX	U	
72201M-45-3	PIMCO Unconstrained Bond Fund CL P		01/17/2014	CASH IN LIEU - FRAC'L SHR	0.296	3	XXX	3	3				0		3			0		XXX	U	
739360-84-3	PowerShares CEF Inc Composite ETF		02/19/2014	ROC		304	XXX	304	304				0		304			0		XXX	U	
746476-40-7	Putnam Cnvtbl Inc Grwth Tr Y		01/22/2014	CASH IN LIEU - FRAC'L SHR	0.947	23	XXX	11	23	(12)			(12)		11		12	12		XXX	U	
76882K-70-2	RiverPark ST High Yield Fnd Inst'l		01/17/2014	CASH IN LIEU - FRAC'L SHR	0.055	1	XXX	1	1				0		1			0		XXX	U	
780905-60-0	Royce Premier Fund		01/22/2014	CASH IN LIEU - FRAC'L SHR	0.432	10	XXX	7	10	(2)			(2)		7		2	2		XXX	U	
880208-40-0	Templeton Global Bond Fnd ADV CL	R	01/17/2014	CASH IN LIEU - FRAC'L SHR	0.661	9	XXX	8	9				0		8			0		XXX	U	
880208-85-5	Templeton Global Total Rtn Fund	R	01/22/2014	CASH IN LIEU - FRAC'L SHR	0.887	12	XXX	12	12				0		12			0		XXX	U	
413838-20-2	The Oakmark Interantional Fund	R	02/20/2014	CASH IN LIEU - FRAC'L SHR	0.824	22	XXX	22	22	1			1		22			0		XXX	U	
885215-56-6	Thornburg International Fund Cl I	R	02/20/2014	CASH IN LIEU - FRAC'L SHR	0.560	17	XXX	13	18	(5)			(5)		13		5	5		XXX	U	
9299999 - Common Stocks - Mutual Funds						16,069	XXX	16,044	16,053	(26)	0	0	(26)	0	16,044	0	26	26	0	XXX	XXX	
Common Stocks - Money Market Mutual Funds																						
989911-JC-3	BBIF Money Fund Class 4		01/02/2014	Merrill Lynch	1,572,000	1,572	XXX	1,572	1,572				0		1,572			0		XXX	U	
9399999 - Common Stocks - Money Market Mutual Funds						1,572	XXX	1,572	1,572	0	0	0	0	0	1,572	0	0	0	0	0	XXX	XXX
9799997 - Subtotals - Common Stocks - Part 4						17,641	XXX	17,616	17,625	(26)	0	0	(26)	0	17,616	0	26	26	0	0	XXX	XXX
9799999 - Subtotals - Common Stocks						17,641	XXX	17,616	17,625	(26)	0	0	(26)	0	17,616	0	26	26	0	0	XXX	XXX
9899999 - Subtotals - Preferred and Common Stocks						17,641	XXX	17,616	17,625	(26)	0	0	(26)	0	17,616	0	26	26	0	0	XXX	XXX
9999999 Totals						1,839,236	XXX	1,845,659	1,835,383	(26)	(8,752)	0	(8,779)	0	1,826,621	0	12,615	12,615	30,366	0	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues25

EO5.1

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

Schedule DB - Part D - Section 2

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

STATEMENT AS OF MARCH 31, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
<p>NONE</p>							
8699999 Total Cash Equivalents					0	0	0

E13



SUPPLEMENT FOR THE QUARTER ENDING MARCH 31, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

DIRECTOR AND OFFICER INSURANCE COVERAGE SUPPLEMENT

Year To Date For The Period Ended 2014

NAIC Group Code 0207

NAIC Company Code 26123

If the reporting entity writes any director and officer (D&O) business, please provide the following:

1. Monoline Policies

Table with 3 columns: 1 Direct Written Premium, 2 Direct Earned Premium, 3 Direct Losses Incurred. Values are all 0.

2. Commercial Multiple Peril (CMP) Packaged Policies

2.1 Does the reporting entity provide D&O liability coverage as part of a CMP packaged policy? Yes [X] No []

2.2 Can the direct premium earned for D&O liability coverage provided as part of a CMP packaged policy be quantified or estimated? Yes [X] No []

2.3 If the answer to question 2.2 is yes, provide the quantified or estimated direct premium earned amount for D&O liability coverage in CMP packaged policies

2.31 Amount quantified: \$3,189

2.32 Amount estimated using reasonable assumptions: \$0

2.4 If the answer to question 2.1 is yes, provide direct losses incurred (losses paid plus change in case reserves) for the D&O liability coverage provided in CMP packaged policies. \$0